

DEPARTMENT OF STATE REVENUE

LETTER OF FINDINGS NUMBER: 01-0029P

Use Tax

Calendar Years 1997 and 1998

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ISSUE(S)

I. **Tax Administration** – Penalty

Authority: IC 6-8.1-10-2.1(d); 45 IAC 15-11-2

Taxpayer protests the penalty assessed.

STATEMENT OF FACTS

Taxpayer protests the penalty assessed on an audit completed on September 27, 2000.

Taxpayer is incorporated in Indiana and prior to July 2000 operated an agency in Indiana. Corporate Offices were also located in Indiana during the audit period. Taxpayer was assessed a negligence penalty because it failed to have a use tax accrual system in place.

I. **Tax Administration** – Penalty

DISCUSSION

At issue is whether the taxpayer was negligent in failing to remit use tax due.

Taxpayer failed to remit use tax on clearly taxable items and had no use tax accrual system in place.

Taxpayer states that most of the errors can be assigned to vendor errors that unfortunately were not caught and these errors were probably less than .1%. Taxpayer requests an abatement of penalties.

Taxpayer has not provided reasonable cause for failing to comply with Indiana Sales and Use Tax statutes. Failure to make itself aware of Indiana tax laws when doing business in the state is considered negligence.

FINDING

Taxpayer's protest is denied.